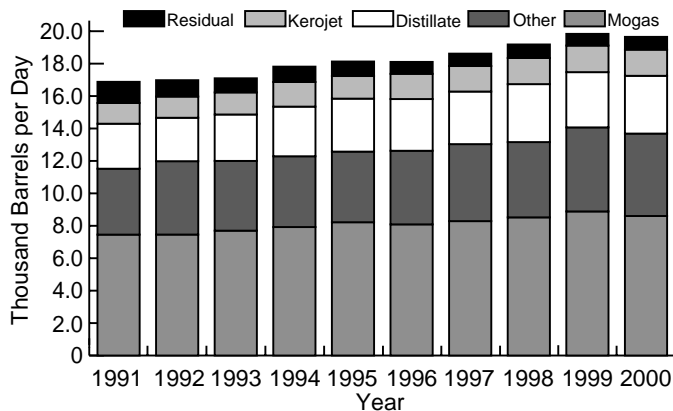


Highlights

The record U.S. economic expansion, now in its tenth year, continued in June with tight labor markets and strong consumer spending.¹ Favorable economic conditions continue to support strong demand for petroleum products along with warmer weather patterns which translate into increased demands for electricity. Temperatures across the nation were 6.3 percent warmer than normal although similar to this time last year.² Total demand for refined petroleum products, measured as product supplied, remained strong averaging 19.7 million barrels per day in June³ (Table H1 and Figure H1). Since the beginning of the year, this demand has averaged 19.1 million barrels per day.

Figure H1. Total Demand, 1991-Current, Comparison in June for Petroleum Products



Source: Energy Information Administration, *Petroleum Supply Annual*, DOE/EIA-0340 (various issues), and *Petroleum Supply Monthly*, DOE/EIA-0109 (various issues).

Year-to-date and June 2000 highlights include:

- **Demand** for finished motor gasoline averaged 8.6 million barrels per day this month and 8.2 million barrels per day since the first of the year, both below their respective highs set last year. **Production** remains strong at 8.4 million barrels per day in June, the second highest average for the month. Production, at an average of 8.0 million barrels per day since the first of the year, set a record high for the period. **Stocks** of finished motor gasoline remain unusually low at 159.2 million barrels.
- **Demand** for distillate fuel oil averaged 3.6 million barrels per day both in June and over the past six months. For the year, demand is at its highest average since the 1978 record for this period. **Production** of distillate fuel oil averaged 3.6 million barrels per day, a **record high for the month**. Year-to-date, production is at a record high pace of 3.4 million barrels per

day. Distillate fuel oil **imports** were normal for the month averaging 226 thousand barrels per day. Year-to-date, imports have been at their highest average in a decade, 269 thousand barrels per day. Distillate fuel oil **stocks** ended the month **below the normal seasonal range** at 104.4 million barrels.

- **Demand** for residual fuel oil averaged 788 thousand barrels per day, the highest average for the month since 1998. Even with June's increase, the average for the year continues its downward trend. The same scenario holds true for **production**, averaging 718 thousand barrels per day. Production since the beginning of the year has dropped to an average of 659 thousand barrels per day. **Imports** averaged 194 thousand barrels per day this month. **Stocks** ended the month at 36.8 million barrels, the lowest total for the month since 1996.
- **Demand** for kerosene-type jet fuel averaged 1.6 million barrels per day for both the month and year, down from their respective highs. **Production** of kerosene-type jet fuel set a **record high for June** at 1.6 million barrels per day. Production is also averaging 1.6 million barrels per day in 2000, a record pace for the year. Total **imports** of jet fuel, kerosene- and naphtha-type, were strong for the month at 129 thousand barrels per day. **Stocks** of kerosene-type jet fuel ended the month at 44.5 million barrels.
- Propane inventories continued to build in June, increasing 7.4 million barrels to a month-end total of 44.1 million barrels. Still, inventories ended the month at their lowest level for this time of year since 1996.
- Domestic **production** of crude oil averaged 5.8 million barrels per day for June. This matched the average over the past six months, resulting in the lowest average for the first six months of any year since 1950. Field production in Alaska continues to decline as well, down for both the month and year. Crude oil **imports** poured into the states at a rate of 9.2 million barrels per day to set a **record high for the month**. Despite the record high imports, **stocks** of crude oil, excluding the Strategic Petroleum Reserves (SPR), declined to a total of 293.9 million barrels by month's end.
- Refinery **inputs** of crude oil set a **record high for June** at 15.7 million barrels per day. Over the past six months, refinery inputs have averaged 14.8 million barrels per day.

¹"Q1 GDP Growth Revised Up, Prices Gain", *Reuters*, June 29, 2000, accessible via the Internet at <http://dailynews.yahoo.com/>.

²"Cooling Degree Day Data Monthly Summary, Monthly Data for June 2000", *National Oceanic and Atmospheric Administration*, accessible via the Internet at <http://www.cpc.ncep.noaa.gov/>.

³June 2000 data are monthly-from-weekly estimates based on the Energy Information Administration's Weekly Petroleum Supply Reporting System.

Table H1. Petroleum Supply Summary
(Million Barrels per Day, Except Where Noted)

Category	2000			1999	January - June	
	Estimated June	May	Difference ^a	June	2000	1999
Products Supplied	19.7	19.3	0.3	19.8	19.1	19.2
Finished Motor Gasoline.....	8.6	8.5	0.1	8.9	8.2	8.3
Distillate Fuel Oil.....	3.6	3.6	-0.1	3.4	3.6	3.5
Residual Fuel Oil	0.8	0.7	0.1	0.7	0.7	0.9
Jet Fuel.....	1.6	1.7	(s)	1.6	1.6	1.7
Other Petroleum Products ^b	5.1	4.9	0.2	5.2	4.9	4.9
Crude Oil Inputs	15.7	15.5	0.2	15.0	14.8	14.7
Operating Utilization Rate (%)	98.1	96.9	1.2	94.3	92.8	93.3
Imports	11.2	11.0	0.2	11.2	10.7	11.0
Crude Oil	9.2	8.9	0.3	8.9	8.6	8.8
Strategic Petroleum Reserve	(s)	0.0	(s)	0.0	(s)	0.0
Other.....	9.2	8.9	0.3	8.9	8.6	8.8
Products	2.1	2.1	(s)	2.3	2.1	2.2
Finished Motor Gasoline.....	0.3	0.3	(s)	0.4	0.3	0.4
Distillate Fuel Oil.....	0.2	0.3	-0.1	0.2	0.3	0.3
Residual Fuel Oil	0.2	0.2	(s)	0.2	0.2	0.3
Jet Fuel.....	0.1	0.1	(s)	0.1	0.1	0.1
Other Petroleum Products ^c	1.2	1.2	(s)	1.3	1.2	1.1
Exports	1.0	0.9	0.1	0.9	1.0	0.9
Crude Oil	0.1	(s)	0.1	0.1	0.1	0.1
Products	0.9	0.8	0.1	0.8	0.9	0.8
Total Net Imports	10.2	10.1	0.1	10.3	9.7	10.1
Stock Change^d	0.2	0.6	-0.3	-0.5	0.3	(s)
Crude Oil	-0.3	-0.1	-0.2	-0.2	(s)	0.1
Products	0.5	0.7	-0.2	-0.3	0.2	-0.1
Total Stocks	1,522	1,526	-3	1,642	—	—
(million barrels)						
Crude Oil	862	869	-7	907	—	—
Strategic Petroleum Reserve ^e	568	569	-1	575	—	—
Other.....	294	299	-6	332	—	—
Products	660	657	3	736	—	—
Finished Motor Gasoline.....	159	163	-4	173	—	—
Distillate Fuel Oil.....	104	105	-1	133	—	—
Residual Fuel Oil	37	37	(s)	42	—	—
Jet Fuel.....	44	42	2	46	—	—
Other Petroleum Products ^c	315	309	6	342	—	—

^a Difference is equal to volume for current month minus volume for previous month.

^b Includes crude oil product supplied, natural gas liquids, liquefied refinery gases (LRG's), other liquids, and all finished petroleum products except finished motor gasoline, distillate fuel oil, residual fuel oil, and jet fuel.

^c Includes natural gas liquids, liquefied refinery gases (LRG's), other liquids, and all finished petroleum products except finished motor gasoline, jet fuel, distillate fuel oil, and residual fuel oil.

^d A negative number indicates a decrease in stocks and a positive number indicates an increase.

^e Crude oil stocks in the Strategic Petroleum Reserve include non-U.S. stocks held under foreign or commercial storage agreements.

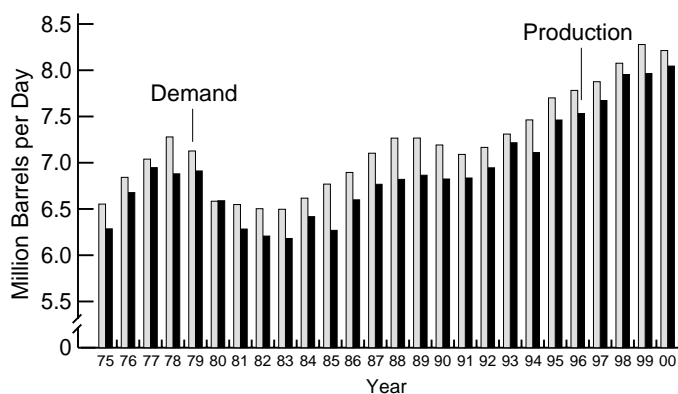
(s) = Less than 0.05 million barrels per day, or less than 0.05 percent, or less than 0.5 million barrels.

Note: Totals may not equal sum of components due to independent rounding.

Source: Energy Information Administration (EIA), 1999, *Petroleum Supply Annual*, Volume 2; appropriate issues of the *Petroleum Supply Monthly* and the *Weekly Petroleum Status Report*.

Data for the current month are preliminary estimates, based on weekly submissions. For an explanation of estimation methodology and accuracy, see Appendix A of *Weekly Petroleum Status Report* and the article, "Accuracy of Petroleum Supply Data", published in the December 1999, *Petroleum Supply Monthly*.

Figure H2. Finished Motor Gasoline, Year-to-Date Comparisons, 1975-2000



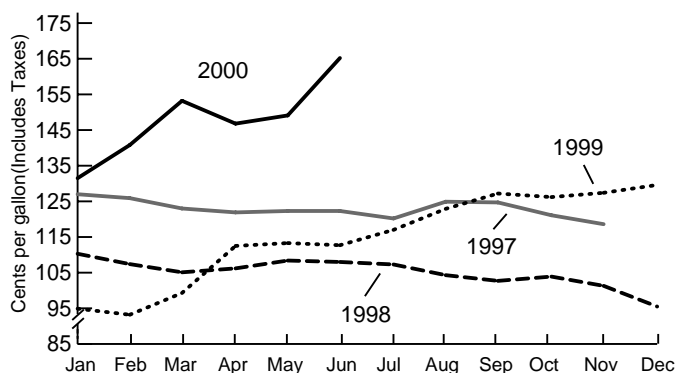
Source: Energy Information Administration, *Petroleum Supply Annual*, DOE/EIA-0340 (various issues), and *Petroleum Supply Monthly*, DOE/EIA-0109 (various issues).

Motor Gasoline

Demand for finished motor gasoline averaged 8.6 million barrels per day in June, down from the record high for the month set last year. Since the first of the year demand has averaged 8.2 million barrels per day, the second highest average for this time of year (Figure H2). Conventional motor gasoline prices surged higher this month. To the ire of all, prices **increased 10.8 percent** to an average of \$1.652 a gallon in June (Figure H3).⁴ Refiners, motivated by these higher prices and favorable margins, increased their efforts to produce this hot commodity.⁵ For the month, **production** of finished motor gasoline averaged 8.4 million barrels per day, 45 thousand barrels per day higher than last June. For the year, production has increased to an average of 8.0 million barrels per day setting a new record for this period. **Imports** averaged 329 thousand barrels per day for the month and 346 thousand barrels per day year-to-date. Both figures are lower than their respective year-ago averages.

By the end of June, stocks of finished motor gasoline were at their **lowest total for this time of year since the EIA began tracking the series in 1981**. Total **stocks** of finished motor gasoline ended the month at 159.2 million barrels. Of that, stocks of other finished motor gasoline accounted for 117.5 million barrels. Reformulated and oxygenated stocks ended the month at 40.9 million barrels and 886 thousand barrels, respectively.

Figure H3. Retail Prices for Conventional Motor Gasoline, 1997-current



Source: Energy Information Administration, *Weekly Petroleum Status Report*, DOE/EIA-0208 (various issues).

Distillate Fuel Oil

Demand for distillate fuel oil averaged 3.6 million barrels per day both in June and over the past six months. Demand from the transportation sector remains strong, as evident in the increase seen in the railroads.⁶ While June's average failed to set a record for the month, the first six months of the year are 2.6 percent higher compared to last year. **Production** of distillate fuel oil remained strong in June, setting a **record high for the month** averaging 3.6 million barrels per day. For the year, production of distillate fuel oil is also on a record pace, averaging 3.4 million barrels per day (Figure H4). Distillate fuel oil **imports** for the month were within the normal seasonal range at 226 thousand barrels per day. As a result of the tight supply situation in the Northeast at the end of last winter, imports for the year are at their highest average for the period since 1990, averaging 269 thousand barrels per day.

While consumers are focused on motor gasoline prices and refineries have been working to satisfy the immediate demand for motor gasoline, distillate stocks, in particular heating oils, have garnered some serious attention. Total distillate fuel oil **stocks** ended the month at 104.4 million barrels, a decline of 955 thousand barrels over the month. Stocks of low-sulfur distillates ended the month at 67.3 million barrels, similar to last June's total. High-sulfur distillates, typically heating oils, ended the month at 37.1 million barrels, representing a **42.8 percent deficit compared to last June**. With stocks of distillates as low as they are, concern is growing over the potential for price spikes similar to those at the end of this past winter unless the rate that stocks are being replenished picks up.⁷

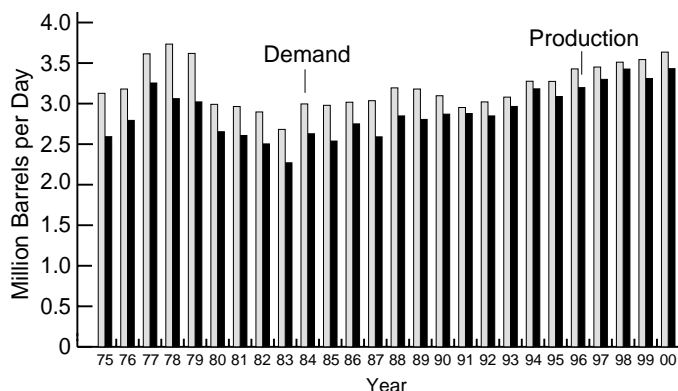
⁴"Table 16. U.S. Retail Motor Gasoline and On-Highway Diesel Fuel Prices, 1999 to Present", *Weekly Petroleum Status Report*, July 14, 2000, p. 27.

⁵"Market Overview Gasoline Agony Shifts Away From Midwest", *Oil Price Information Service*, July 3, 2000, p. 1.

⁶"Rail Freight Traffic Up in June", *Association of American Railroads*, July 6, 2000, accessible via the Internet at <http://www.aar.org/>.

⁷"Short-Term Energy Outlook", *Energy Information Administration*, July 2000, accessible via the Internet at <http://www.eia.doe.gov/>.

Figure H4. Distillate, Year-to-Date Comparisons, 1975-2000

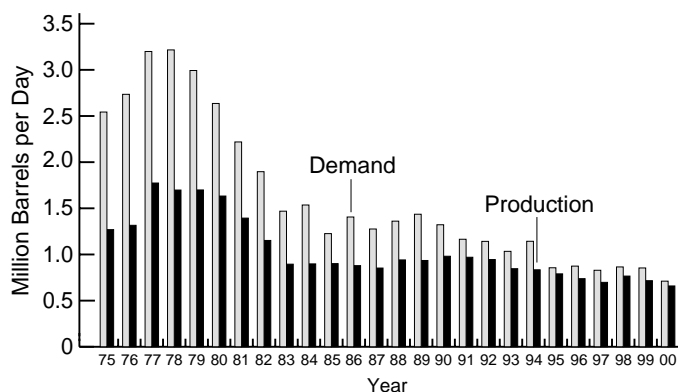


Source: Energy Information Administration, *Petroleum Supply Annual*, DOE/EIA-0340 (various issues), and *Petroleum Supply Monthly*, DOE/EIA-0109 (various issues).

Residual Fuel Oil

This month, both **demand** (788 thousand barrels per day) and **production** (718 thousand barrels per day) of residual fuel oil showed slight increases compared to this time last year. Contrary to June's averages, year-to-date they continue to reflect residual fuel oil's downward trend. Since the first of the year, demand for residual fuel oil has averaged 711 thousand barrels per day while production slipped to 659 thousand barrels per day (Figure H5). **Imports** of residual fuel oil averaged 194 thousand barrels per day, the lowest average for the month in three years. For 2000, imports have dropped to an average of 199 thousand barrels per day. **Stocks** ended the month at 36.8 million barrels, their lowest total for June since 1996.

Figure H5. Residual, Year-to-Date Comparisons, 1975-2000

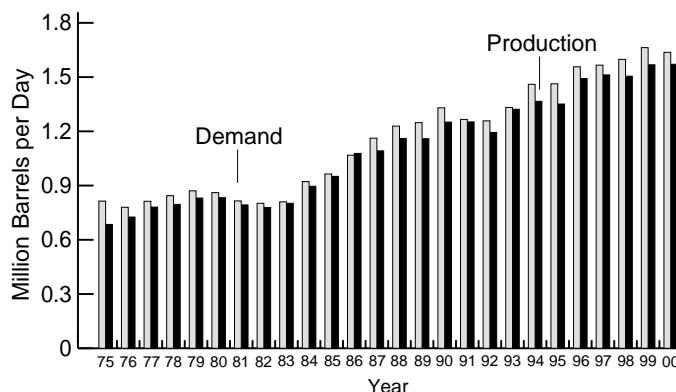


Source: Energy Information Administration, *Petroleum Supply Annual*, DOE/EIA-0340 (various issues), and *Petroleum Supply Monthly*, DOE/EIA-0109 (various issues).

Kerosene-Type Jet Fuel

Illustrating the ongoing strength in the domestic air industry, the latest data for fuel consumption by the major airlines⁸ and on available seat miles⁹ reflect year-on-year increases. **Demand** in June for kerosene-type jet fuel averaged 1.6 million barrels per day, the second highest average for the month on record. For the year, demand for kerosene-type jet fuel averaged 1.6 million barrels per day as well. **Production** of kerosene-type jet fuel set **a record high for the month** at 1.6 million barrels per day. Over the last six months, production of kerosene-type jet fuel also set a record high for the period at 1.6 million barrels per day (Figure H6). Total **imports** of jet fuel, including both kerosene- and naphtha-type, reached **the highest average for the month since 1994** at 129 thousand barrels per day. Since the first of the year, total imports of jet fuel have averaged 123 thousand barrels per day. **Stocks** of kerosene-type jet fuel increased 2.4 million barrels in June to 44.5 million barrels by month's end.

Figure H6. Kerojet, Year-to-Date Comparisons, 1975-2000



Source: Energy Information Administration, *Petroleum Supply Annual*, DOE/EIA-0340 (various issues), and *Petroleum Supply Monthly*, DOE/EIA-0109 (various issues).

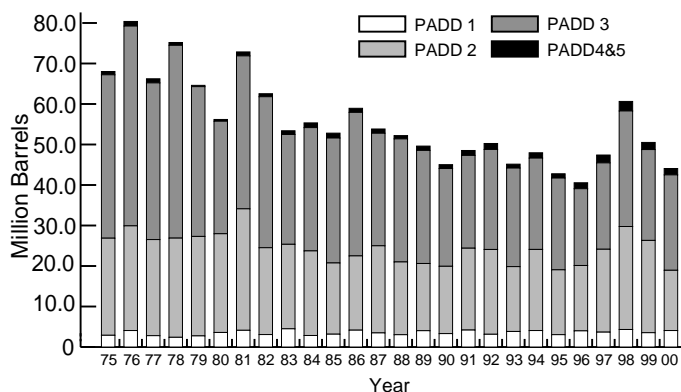
Propane

While propane inventories continued to build in June (increasing by 7.4 million barrels), total U.S. propane inventories remain slightly below their normal seasonal range at 44.1 million barrels. When compared to last June, stocks of propane reflect a shortfall of 6.4 million barrels (Figure H7). Relatively strong builds occurred in the East and Gulf Coasts. The stock build in the Midwest was more moderate when compared with prior June builds, ending the month below their normal range by 5.4 million barrels. Propane inventories along the East Coast totaled 4.1 million barrels while Gulf Coast stocks ended the month totaling 23.6 million barrels. At 14.9 million barrels, inventories in the Midwest ended the month at their lowest total for June in more than 27 years.

⁸“Monthly Fuel Cost and Consumption”, *Air Transport Association*, July 14, 2000, accessible via the Internet at <http://www.air-transport.org/>.

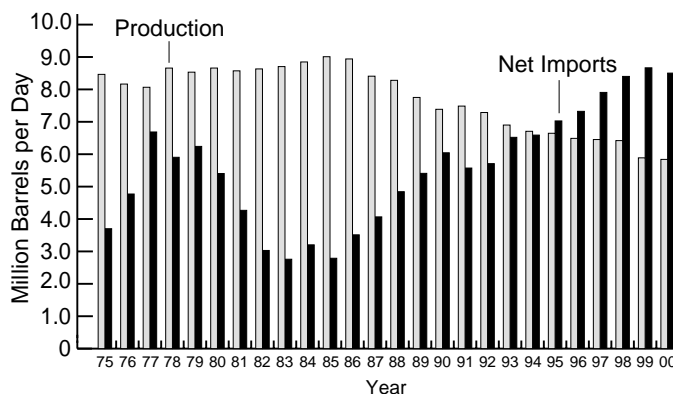
⁹ Preliminary Scheduled Passenger Traffic”, *Air Transport Association*, July 14, 2000, accessible via the Internet at <http://www.air-transport.org/>.

Figure H7. Propane Stocks by PAD District, Year-to-Year June Comparisons, 1975-2000



Source: Energy Information Administration, *Petroleum Supply Annual*, DOE/EIA-0340 (various issues), and *Petroleum Supply Monthly*, DOE/EIA-0109 (various issues).

Figure H8. Crude Oil, Year-to-Date Comparisons for Production and Net Imports, 1975-2000



Source: Energy Information Administration, *Petroleum Supply Annual*, DOE/EIA-0340 (various issues), and *Petroleum Supply Monthly*, DOE/EIA-0109 (various issues).

Crude Oil

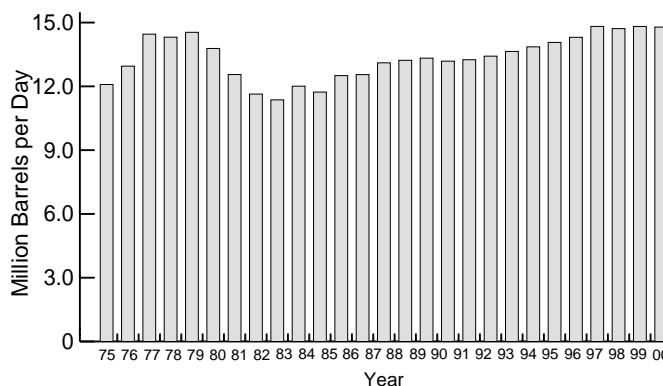
Domestic crude oil **production** averaged 5.8 million barrels per day in June. This closely matches last year's June average while for the year, production also slipped to 5.8 million barrels per day (Figure H8). This is the lowest average for this period since 1950. Production in Alaska this month declined due to warmer temperatures.¹⁰ This decline in Alaskan field production resulted in output at it's lowest monthly average since February 1978, 916 thousand barrels per day. This year, Alaskan production has declined 8.6 percent compared to 1999, averaging only 993 thousand barrels per day. **Imports** of crude oil set a record high for June and reached **one of the highest averages to date** at 9.2 million barrels per day. For the year, imports of crude have averaged 8.6 million barrels per day. Net imports of crude oil (imports minus exports) averaged 9.1 million barrels per day, a record high for June. For the year, net imports of crude oil have averaged 8.5 million barrels per day.

Primary **stocks** of crude oil, excluding the SPR, declined during the month to 293.9 million barrels. This is the lowest total for June since 1976. Stocks in the SPR were also drawn down in June. After a dry dock sank, disrupting water borne shipments of crude to two Louisiana refineries, crude was released to these refineries from the SPR to ensure sufficient operating supplies.¹¹ Total crude oil stocks, including stocks held in the SPR and non-U.S. stocks held under foreign or commercial storage agreements, ended the month totaling 862.4 million barrels.

Refinery Operations

Refinery **inputs** of crude oil set a **record high for the month** averaging 15.7 million barrels per day. Since the beginning of the year, refinery inputs of crude oil have averaged 14.8 million barrels per day, only 32 thousand barrels per day from the 1998 record for this period (Figure H9). The estimated refinery **operable utilization rate** (gross input divided by operable capacity) increased to an average of 95.7 percent of capacity this month.

Figure H9. Year-to-Date June, Crude Oil Inputs Comparisons, 1975-2000



Source: Energy Information Administration, *Petroleum Supply Annual*, DOE/EIA-0340 (various issues), and *Petroleum Supply Monthly*, DOE/EIA-0109 (various issues).

¹⁰“FY 2001 ANS Production”, *Alaska Department of Revenue*, June 2000, accessible via the Internet at <http://www.revenue.state.ak.us/tax/production/>.

¹¹“Citgo and Conoco have no immediate plans to request more crude from US strategic reserve”, *Platt's Oilgram Price Report*, June 20, 2000, p. 1 & 4.